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PETALING JAYA: AmBank Group is strategically targeting viable projects to fuel its overall bottom line.

To this end, the banking group is focusing on specific industries to harness their economic growth and to give it an edge over its other banking peers.

On a global scale, AmBank Group managing director of business banking Christopher Yap told *StarBiz* the banking group was keen on sectors that were in sync with the environmental, social and governance (ESG) agenda, such as solar energy and the supply chain of electric vehicles, including copper and battery manufacturing.

"Recognising the inevitability of this shift, we are committed to leading in these sectors. Furthermore, the logistics and warehousing sector is another area of interest for the group, given its potential for growth in line with rising foreign direct



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Christopher Yap

investment (FDI) into the country.

"If we look at manufacturers, they make up 25% of Malaysia's gross domestic product, so we see tremendous potential in the manufacturing segment and are eager to assist them in upgrading their processes via automation and the adoption of the Fourth Industrial Revolution (IR4.0).

"We believe that this could help pivot the industry towards a high-value, tech-oriented chain, reducing reliance on manual or foreign labour," Yap noted.

He said as agrifood played a crucial role in ensuring food security for future generations, AmBank was also investing in this rapidly growing sector to reap its benefits.

In the financial year ended March 31, 2023, business banking disbursed RM1.2bil worth of green loans, which constituted about 15% of total disbursements.

About 40% of the green loans were disbursed to the manufacturing segment, of which the group aimed to continue to drive IR4.0.

Yap said at the same time, the group was keen on facilitating FDI into Malaysia. In support of this, he said it had established dedicated desks for China and South Korea within its business banking unit.

AmBank's aspiration is to collaborate with Malaysian trade offices in these countries to streamline FDI, he said. In the first quarter of this year, there was an inflow of RM71.4bil of FDI into the country.

On the deployment of resources and financing to key viable projects, Yap said AmBank assessed each project's viability based on a set of rigorous criteria, ensuring resources were deployed efficiently and effectively.

"One strategy we employ is monitoring global investment trends. For instance, we have noticed substantial investments originating from China and South Korea. In response, we established dedicated desks within our business banking unit to cater specifically to these markets.

> TURN TO PAGE 2

More tailored solutions to reflect changing needs of customers

> FROM PAGE 1

"A prime example of this strategy is our financing of a large South Korean multinational corporation's copper foil manufacturing plant construction in Malaysia.

"This investment was guided by our deep understanding of global trends, as well as direct engagement with international partners.

"However, our strategic approach does not end with initial financing. For instance, when we finance the development of an industrial park, we also explore opportunities to fund the businesses that will subsequently set up operations within this park.

"This holistic approach maximises the return on our investments and enhances our risk management by diversifying our portfolio across different businesses within the same ecosystem," he said.

By adopting this two-pronged strategy, Yap said the group does not just act as financiers but also as partners in growth, contributing to a project's success at various stages and levels.

On the future of banking in the country in view of the rising competition from tech giants and startups, he viewed this not as a threat, since the growing competition widened the spectrum of offerings available to

businesses and individuals alike.

"The essence of competition is that it breeds innovation. As new players step into the financial arena, established banking institutions like ours are encouraged to be more innovative.

"This pushes us to create more tailored solutions and better services that reflect the changing needs of our customers," he noted.

As to the evolving needs of small and medium enterprises (SMEs), Yap said the future of business banking, particularly for SMEs, would be deeply influenced by the rapid advances in technology.

In this context, AmBank's "Beyond Banking" vision seeks to not only incorporate innovative tools but to leverage them to solve persistent industry-wide issues, thereby boosting productivity, he said.

"For example, the traditionally manual process of issuing and managing bank guarantees. This has long been a cumbersome procedure involving safekeeping, tracking due dates and returning upon expiry.

"We are now exploring partnerships with technology providers to digitise this entire process, eliminating unnecessary paper-based processes and inefficiencies.

"Technology is poised to play a crucial

role in the transformation of SME banking. Reports showed that a successful digital transformation can deliver 15% to 20% in cost reductions and a 20% to 40% improvement in efficiency and error reduction," Yap added.

From artificial intelligence-driven insights to improve decision-making and customer service, he said blockchain's potential to increase transparency and efficiency in trade finance, to the convenience and speed of digital bank guarantees, technology holds the key to the future of business banking.

In terms of the undertaking by the group to accelerate the implementation of ESG practices, he said adoption of such principles and climate action were imperatives for sustainable business growth.

Bank Negara has highlighted that 80% of SMEs, accounting for RM87.7bil in Malaysian exports, could be affected by the European Union's carbon border adjustment mechanism.

Yap said: "While ESG grading for our customers is still in its nascent stages, we acknowledge the urgency of this task, particularly for SMEs. Our belief is that meaningful progress starts with tracking and measurement. It is crucial to establish a clear understanding of our current posi-

tion before we can set a course for improvement.

"In line with this, we have joined forces with Pantas, a carbon accounting software provider, to empower SMEs to seamlessly measure their carbon footprint. This partnership provides a crucial starting point for SMEs to understand and manage their environmental impact.

"As the official partner of Greening Value Chain, we are in a unique position to leverage our collaboration with various agencies like Malaysian Green Technology and Climate Change Corp, JC3, Credit Guarantee Corp Malaysia Bhd, the British Standards Institution and Pantas.

"This collective effort is focused on guiding SMEs on how to measure, manage and reduce their carbon footprint, while opening doors for green financing opportunities through AmBank," he said.

The JC3 is a platform established in September 2019 to pursue collaborative actions for building climate resilience within the Malaysian financial sector.

Yap said the collaboration with Pantas not only helps SMEs to measure their carbon footprint without additional charges, but it also supports the group in achieving Scope 3, which is focused on indirect greenhouse gas emissions.